

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF KENTUCKY FRONTIER)	CASE NO. 2012-00271
GAS, LLC D/B/A PEOPLE'S GAS)	
COMPANY, INC.)	

ORDER

On January 29, 2010, in Case No. 2009-00492, the Commission approved Kentucky Frontier Gas, LLC's ("Kentucky Frontier") acquisition of the assets of People's Gas Company, Inc.¹ Upon completion of the acquisition, Kentucky Frontier d/b/a People's Gas Company, Inc. ("People's") adopted the tariff of People's, which included a Gas Cost Adjustment ("GCA") clause that provided for the adjustment of rates on a quarterly basis to reflect changes in the cost of purchased natural gas.

On June 27, 2012, People's filed its GCA to be effective August 1, 2012.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. People's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. People's notice sets out an Expected Gas Cost ("EGC") of \$4.7347 per Mcf, which represents a decrease of \$2.0294 per Mcf from its previous EGC of \$6.7641 per Mcf.

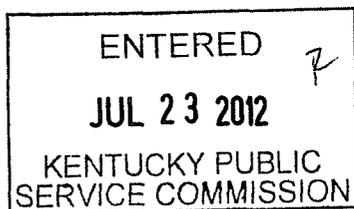
¹ Case No. 2009-00492, Application of Kentucky Frontier Gas Company, LLC for Approval of Transfer of People's Gas Company Assets (Ky. PSC Jan. 29, 2010).

3. People's notice sets out no current quarter Refund Adjustment.
4. People's notice sets out a current quarter Actual Adjustment ("AA") in the amount of (\$.9826) per Mcf. People's total AA of (\$.6451) per Mcf is a decrease of \$1.0705 per Mcf from its previous total AA of \$.4254 per Mcf.
5. People's GCA is \$4.0896 per Mcf, which is a decrease of \$3.0999 per Mcf from its previous GCA of \$7.1895 per Mcf. Due to a spread sheet calculation error, People's Gas proposed a GCA of \$4.0897 per Mcf.
6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved for service rendered by People's on and after August 1, 2012.

IT IS THEREFORE ORDERED that:

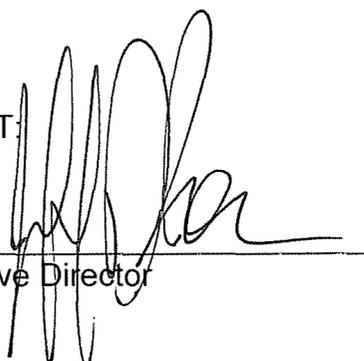
1. The rates in the Appendix attached hereto and incorporated herein are approved for service rendered on and after August 1, 2012.
2. Within 20 days of the date of this Order, People's shall file its revised tariff sheets with this Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission



Commissioner Breathitt is abstaining from this proceeding.

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00271 DATED JUL 23 2012

The following rates and charges are prescribed for the customers in the area served by People's Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

Monthly:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$ 4.3971	\$ 4.0896	\$ 8.4867
Over 1 Mcf	\$ 2.7670	\$ 4.0896	\$ 6.8566

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING
for People's Gas, Inc.

Case No.: 2012-00271
Filing Date: June 27, 2012, 2012
Proposed Effective Date: August 1, 2012
Approved Effective Date: August 1, 2012

Wholesale Gas Supplier: Columbia Gas of Kentucky

Wholesale Rate: Decreased \$2.0294 per Mcf
Retail Rate: Decreased \$ 3.0999 per Mcf

Gas Cost Recovery Components:

EGC	\$	4.7347
AA		(.6451)
BA		<u>.0000</u>
GCA	\$	4.0896

Prepared By: Leah Faulkner

Date: July 20, 2012

Dennis Horner
Kentucky Frontier Gas
4891 Independence Street, Suite 200
Wheat Ridge, COLORADO 80033